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MarketingTM

a magazine for marketers

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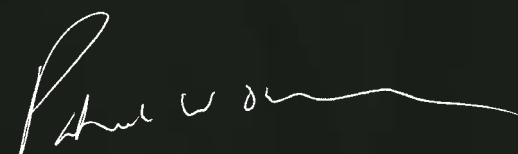
Cover layout: Joseph Ferraro; retouching by Gecko Imaging Inc.

I'm giddy like my grandmother going to the casino. It feels like it's 1996.

1996? Back then, we all led different lives. E-mail was *just* catching on with the general populace and the brave new world of the Internet was just beginning. I was young and didn't know how much I didn't know and was a program manager leading a crew of business analysts and DBAs developing a (at the time) very complex interactive Web site for a client. I was going online in a big way. I taught users how to access and interact with the site and update their profiles, among other things. Excitingly, I was often leading the user's virgin trip onto the World Wide Web.

In 1996, most of us didn't think about the online world of advertising. Things have changed, eh? Today, interactive Web sites are required. We use them to keep customers' attention, further our message and enable customer transactions. Have you visited an old-school site recently, the kind a grade schooler can build, with nothing but a flat GUI and no functionality? There's a highfalutin bathroom-fixture shop in town with the lamest Web site (nothing but directions and hours of operation). They lost my business because their site didn't help me. Some other outfit will figure out how to lead me to their interactive site and will likely get my business (sounds like an opportunity — see Numbers Crunch, page 19).

So why the trip down memory lane? With this edition, I am happy (and relieved) to announce the launch of the *Deliver* magazine Web site. After some angst (from my end), our site is operational. Log on, check it out. **Usps.com/delivermag.** You'll find both the current issue and past issues. You may request materials, update your mailing address, or change the way we spell your name. And through the wonder of linking a Web site to a database, we know who you are when you visit. Back to the future, I think it's 1996.



PHOTOGRAPH BY JOHN SOBECZAK

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MARC LEFAR
Chief Marketing Officer
Cingular

Lefar is responsible for all aspects of Cingular's brand and marketing direction and execution. He directs marketing strategy and programs, brand development, advertising, service packages and offerings, new product development, market research and customer communications. Over the past 20 years, Lefar has developed a unique blend of marketing, financial and operational expertise.

STEVE CUNO
Creative Director
RESPONSE Prospecting & Loyalty Strategies



During his 20-plus years in the advertising business, Cuno has held positions such as marketing communications manager for Utah's largest bank, advertising manager for one of the nation's largest hospital corporations and managing partner in a national direct marketing agency. Nationally recognized for his creative talents, Cuno is a regularly featured speaker at creative seminars, colleges and conventions.



WILLIAM DEKUIF
President
Sound Management Venture/Herman Miller Inc.

DeKruif earned his bachelor's degree in electrical engineering from the University of Colorado and his master's from Northwestern University's Kellogg Graduate School of Management. He leads Herman Miller's venture, developing products for sound management and acoustics solutions. He has spoken at technology conferences around the world about communications technology and trends.

SHIRA G. GOODMAN
Executive Vice President, Marketing
Staples Inc.



Goodman is responsible for the strategic, operational and financial aspects of Staples' marketing programs across its retail, catalog, contract and Internet businesses. She leads marketing programs including television, print and radio advertising, direct mail and special programs. Since joining Staples in 1992, Goodman has held several senior positions leading Staples' growth in its catalog and contract and commercial divisions.



SCOTT FORD
Worldwide Manager of Advertising and Retail
John Deere Parts and Service Marketing

Ford joined John Deere in the Aftermarket Advertising Department in 1990 after graduating from Iowa State University with a bachelor's degree in journalism and mass communications. Ford spent 10 years in the Agricultural Advertising Department, working as copywriter and senior copywriter, handling advertising for tillage tools, combines and 40- to-100- horsepower tractors. Ford took his current position in 2000.

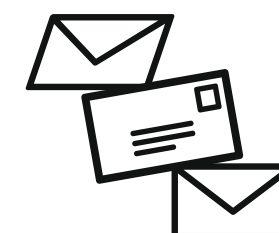


ILLUSTRATION BY ROBERT DALE/VEER

Sound off!

WELCOME to the feedback portion of *Deliver*.™ This is your space to fill with ideas, comments, suggestions and opinions. Please feel free to send us your questions, comments and suggestions. We want to hear from you — the good, the bad or just plain ugly. Send all feedback to:

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GREAT INFORMATION IN DELIVER

I just happened to be sitting at my desk, stressing over a direct mail marketing piece I'm currently trying to keep alive, when this magazine was dropped into my in box. It couldn't have come at a better time. As soon as I started reading, I took out my highlighter. I found so many points to keep this project alive in the first few articles alone.

Thanks so much! And keep providing the great information!!

Jennifer Hurley
Richmond, Va.

EYE-CATCHING AND INTERESTING

I just received Issue 2. This is the first piece of direct mail I've looked at for more than two seconds in the last six months.

I would love to see research and an issue around direct mail for business recipients, with a case study or two on combining paper and electronic in a campaign.

Thanks, and congratulations on an eye-catching and interesting publication.

Mark Hastings
New York, N.Y.

ONLINE MAGAZINE WOULD BE HELPFUL

I received and like your new *Deliver* magazine, but have been disappointed that I am unable to find it on your Web site so I can forward articles to colleagues.

This strikes me as particularly odd given that both issues discuss how mail and the Internet work together. The frustration is compounded when I Google for the magazine and find your PR releases but not the magazine itself. Hope to see PDF versions of the magazine available online soon.

Thanks!

Bill Carrier
Naperville, Ill.



PRINTED ON RECYCLED PAPER
WITH 10% POSTCONSUMER WASTE

chasing the wrong customers?

There's an old adage in the business world that goes something like: The purpose of a business is not to make a sale, but to make and keep a customer. Too bad no one's listening.

For all the talk about improving loyalty and building "relationships" with customers, marketers seem to be addicted to the sell. Sure, we all talk the talk about how it costs more to acquire new customers than it does to keep the ones you have. But look at where we're putting our marketing dollars and you'll get a whole new perspective.

Study after study points out that more money gets spent on acquisition than on retention. For example, a recent study for Tivoli Partners found that four out of 10 marketers spend less than 25 percent of their marketing budget on retention. Only one out of 10 spends 75 percent or more of their marketing dollars to keep the customers they have.

As marketers, we're addicted to the chase. We're so focused on getting that next sale that we too often forget about the need to continue servicing the customers we already have. After all, isn't that the job of somebody in customer service?

Communicating with customers may be one of the least-valued aspects of marketing, but it certainly has a higher payoff. Look at the numbers and you'll find that most of the sales a company generates come from its existing customer base.

If retention isn't at the core of your marketing strategy, it should be. We bet your competitors have figured this out. Maybe they're reaping rewards right now while you're reading this. Don't just make a sale; make a customer.

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making an impression

Like it or not, direct is in the branding business

If you rank among the marketers who sneer when they hear "branding" and "direct marketing" in the same sentence, it's time to relent. While once upon a time, immediate sales reigned and branding was fluff, like it or not, strategic branding has now become a big part of the direct mail business.

Why? For one thing, markets respond to strong brands. If you don't believe me, try getting a consumer to pay a boutique price for an air purifier at a discount store. For another, though brand perception is not its primary calling, direct marketing leaves an impression among far more people than those who respond. While we might throw wild parties to commemorate a 4 percent response, non-respondents — the other 96 percent — also receive an impression about the brand.

To be fair, abuses in the name of branding deserve a sneer. Every day, one more branding charlatan convinces yet another trusting client that a brand consists of a "cool" logo and a (lame) slogan. Or a company tries to convey a brand that doesn't reflect practice, like the store that promises you a great shopping experience, even though everyone knows the aisles are cluttered, the lighting is insufficient and the minimum-wage clerk would rather prolong a personal call than answer your question.

But branding — real, bona fide branding — is powerful stuff. It's what lets you walk into a high-end retailer expecting first-rate quality and service, and into the local convenience store braced to fend for yourself. It tells you that name-brand ice cream will taste great and that the store brand will be this month's lowest-bidding knock-off. It makes a teenager eschew or swear by one particular brand of jeans.

Powerful brands arise from a company's consistent values and behavior. Advertising and direct marketing, powerless to create it, can only reflect it.

But the wrong advertising and direct marketing can weaken a brand. That presents an interesting problem: As a direct marketer, you're hired to pull a profitable, measurable response, not to build the brand. But if you (and/or your client) don't recognize the impact your work has on the brand, and, perhaps more important, that *the brand should have on your work*, you're being naïve, and you will lose sales in the long run.

My advice to marketers is to expect their direct cousins to be branding experts and demonstrate their chops at the strategic level. Otherwise, they may sell now, but miss an opportunity for success over the long haul. ☐

Steve Cuno is the chairman and curmudgeon-in-residence of RESPONSE Prospecting & Loyalty Strategies in Midvale, Utah. He welcomes your comments at steve@responsepls.com.

good medicine

Publications help nonprofits gain awareness

When your organization is built around helping people cope with a disease few understand, getting public attention is critical. It's the first step toward promoting research for new treatments, building public awareness of the disease and its impact, and securing support for fundraising.

The Lupus Foundation of America Inc., (LFA) has been aggressively marketing its cause. The organization pushes for media coverage and sponsors events to raise awareness, both aimed at generating public interest and securing corporate sponsorship.

Lupus is a chronic autoimmune disease that strikes mainly young women, especially women of color, causing a variety of symptoms from mild to severe. These include inflammation of various parts of the body, especially the skin, joints, blood, kidneys, heart and brain. But so little attention has been paid to the disease that no new drugs have been developed during the past 40 years, says Sandra C. Raymond, Lupus Foundation president and CEO.

Raymond says the organization is in the midst of an all-out battle to get its messages heard — and there are some signs that it's getting through. A number of national publications have written stories on the illness.

Recently, the LFA hosted a public policy summit in Washington, D.C., that brought together health care workers, representatives from federal agencies, medical experts and congressional staffers to discuss the state of lupus research and care, and search for legislative measures that could help.

Supporting this entire effort is the LFA's custom publication, *Lupus Now*®, that provides insight into the reality of living with the illness, as well as the latest medical research and treatment options.

The 48-page consumer-focused magazine is designed to connect the non-profit with its members and help it reach out to other influential parties, such as corporate sponsors and the media. "This magazine says loud and clear that lupus is a significant public health issue that deserves attention," says Raymond. "The magazine is part of the total tapestry of our comprehensive national program."

In fact, a number of nonprofit health advocacy organizations are finding that publishing a custom magazine helps them raise awareness and promote advocacy, says Jane Ottenberg, president of The Magazine Group, which produces *Lupus Now*.

Her company also produces publications for other nonprofit organizations, including

"This magazine caught fire the day it was released. It's been unbelievable how it's adding to our marketing program."

Sandra C. Raymond, president and CEO
Lupus Foundation of America Inc.

The National Hemophilia Foundation and *The National Multiple Sclerosis Society*. Ottenberg says custom publications work well because they connect intimately with readers, and people spend more time with them than other forms of marketing communications. "Magazines like this reach out and resonate with people in a more personal way," she adds.

Lupus Now provides an intimate perspective on what it means to live with the disease. That's the kind of information readers can't get from other health publications. Stories cover trends related to the disease, such as stem cell research, tips on coping with health issues linked to the disease and profiles of people living with lupus. The publication is designed and edited by The Magazine Group to the quality standards of other consumer health magazines found on the newsstand. Articles are written by staffers or expert freelance writers, many of whom are also health care professionals.

The magazine has become an integral part of the foundation's fundraising efforts. Many who subscribe to the magazine pass along extra funds to help the cause, says Raymond, including a couple of readers who wrote checks for several thousand dollars. "This magazine caught fire the day it was released," she says. "It's been unbelievable how it's adding to our marketing program."

"For health-related advocacy groups, it's important to really convey to a broad audience the personal impact of the illness or disease on those who are suffering, and also their courage and optimism and hope," says Jeremy Morris, senior vice president of Campbell-Ewald Publishing, which has produced publications for a number of nonprofit organizations. "People respond when they feel a connection, both in terms of sympathy and a sense that this might one day affect them or their loved ones. In our experience, nothing provides that kind of visceral, empathetic, emotional connection like a great custom magazine. Nothing else works that way." ✉



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To obtain a sample demonstrating the possible uses of repositionable notes, log on to usps.com/delivermag or send in the enclosed Business Reply MailTM card.

Information and regulations for using repositionable notes can be found in the new Postal Service Domestic Mail Manual at section 709.7.0 or visit www.usps.com/repositionablenotes for more information.

all they did was ask

McKinney's 'connection planning' creates brands with buzz

When it comes to brand marketing, take it personal. Or at least get down to some serious one-to-one.

What, for example, are the physical, emotional, aspirational and transactional connections between product and purchaser?

McKinney, a Durham, N.C.-based agency known as an industry innovator in connection planning, gets prospective customers at eye level for some savvy reads on every aspect of potential conductivity between brand and user. The agency uses its connection planning concept to shape brand strategies, listening with an educated ear first, then going about delivering messages through media that say, *I heard you*.

"Connection planning is all about attacking the client's marketing objective from a different place," says Doug Holroyd, McKinney senior vice president, executive director of Connection Planning. "Our approach is to identify the client's best prospects and analyze these consumers' entire experience with the brand, from pre-purchase to the moment they buy, and after the purchase."

From there, a multitude of marketing opportunities present themselves.

"Creative means marketing to what consumers find most relevant about a product or service," Holroyd explains. "Connection planning gets to what the brand promises the user. The creative keeps that promise."

Case in point: Travelocity's "The Roaming Gnome," a creation approaching icon status.

By the time this Web-based travel planner came to McKinney, Travelocity had gone from leading its Internet niche to trailing newcomers in the field. McKinney put them back in the race.

Their research looked at the whole travel experience and who Travelocity's best prospects were.

From there, they defined what makes them tick, how they think about the whole travel experience, what influences them and what "levers" they needed to pull to drive customers to the site.

That analysis gave birth to The Roaming Gnome, a character that could connect with Travelocity's best prospective consumer.

McKinney then created Bill, a character who lost his gnome. The viral campaign that followed focused on driving people to an 800 number to report whether they had seen Bill's Roaming Gnome.

A direct mail postcard, identified as one of the levers, targeted cruise goers and featured The Roaming Gnome relaxing in a distinctly cruise mode: basking on a white towel with cucumber slices on his eyes.

"We took a real guerilla marketing approach with them," says Holroyd. "We found their best prospects were not the typical traveler. They're savvier. They want to be 'in the know.' We helped them discover and quantify that market. We created The Roaming Gnome and did a lot of atypical pre-launch promotion like distributing flyers in trendy markets like New York and L.A. asking for help finding the lost Roaming Gnome. By the time we launched, he was known."

"Travelocity is an online booking agent, but the travel experience goes way beyond just finding the best price and making reservations," says Holroyd. "In fact, those

"Our approach is to identify the client's best prospects and analyze these consumers' entire experience with the brand, from pre-purchase to the moment they buy, and after the purchase."

Doug Holroyd, McKinney senior vice president and executive director of Connection Planning

aspects are not the most enjoyable part of travel. It's the planning, dreaming of where you'll go — that's the fun part. We wanted to connect Travelocity with that part of the experience. Creating The Roaming Gnome was the vehicle to do that."

Travelocity's gnome may be roaming, but McKinney helped put the company solidly back on track: 2004 marked the first profitable year in its history, with site visits increasing 33 percent.

Holroyd likens this kind of connection planning to a time-honored model that's the very essence of marketing: Making contact directly with a specific consumer via a medium and message targeted at that particular individual.

He puts it this way: "It's like the guy who owned the general store," he says. "He knew all of his customers and used a different selling approach for each one. That's what we do — it's just a lot more sophisticated." ✉



MCKINNEY /

PRESIDENT & CEO
BRAD BRINEGAR

SVP, EXECUTIVE DIRECTOR
OF CONNECTION PLANNING
DOUG HOLROYD

HEADQUARTERS
DURHAM, N.C.

EMPLOYEES
OVER 200

ESTABLISHED
1969

ANNUAL REVENUE
\$24 MILLION



marketing the merger

How companies can
successfully promote their
new brand

BY SCOTT SMITH MONTAGE BY FLYING FISH STUDIOS

Federated swallows up other department store chains. Procter & Gamble acquires another consumer products company. The wireless phone industry is consolidating. Merger mania is in full swing.

Of course, sometimes the easiest part of the process is inking the deal. The real challenge comes when two companies — and two brands — have to become one.



Mock wedding announcement



Television spot



Announcement for Cingular/AT&T Wireless

WEDDING INVITATION — Some elements of the campaign were playful, like direct mail sent to customers of both companies, designed to look like a wedding invitation, which asks them “to share in the joy of our coming together.”



CHARGING — The marketing campaign introduced the power of the new company and showed how Cingular created the largest mobile-to-mobile calling community in the United States. This television spot communicated the network strength delivered by the largest digital voice and data network in the country.

Not the least of those challenges is bringing together two separate marketing programs and merging them into one. That requires some upfront discussions about *which* products and *which* personnel, especially when it comes to the revamped marketing committee.

That’s exactly what happened with the recent combination of Cingular Wireless and AT&T Wireless, a merger that looks like it could pay big dividends over time.

A CLEAR CONNECTION

The deal that brought together Cingular and AT&T Wireless was announced in February 2004 and finalized in November of last year.

The combination of the two brands was the perfect blend of strengths and weaknesses, says Allan Steinmetz, chief executive officer of Inward Strategic Consulting.

AT&T Wireless had the largest network; Cingular had terrific plans and great customer service, Steinmetz says. In addition to making Cingular the nation’s largest carrier (based on number of customers), the merger increased the coverage area and created the biggest mobile-to-mobile calling community in the United States.

To prepare for the merger, a special task force from Cingular began work in February 2004 on a new marketing campaign. Due to federal restrictions, the company was not allowed to communicate with its marketing counterparts at AT&T Wireless before the deal was approved in November.

The first task? Define the customer benefits of the new com-

pany, says Marc Lefar, chief marketing officer for Cingular.

“We wanted to have advertising and marketing offers ready the moment this deal was complete,” says Lefar. “So we developed a list of potential consumer benefits and put each through a comparative cost/benefit analysis. From there, we began developing our messages.”

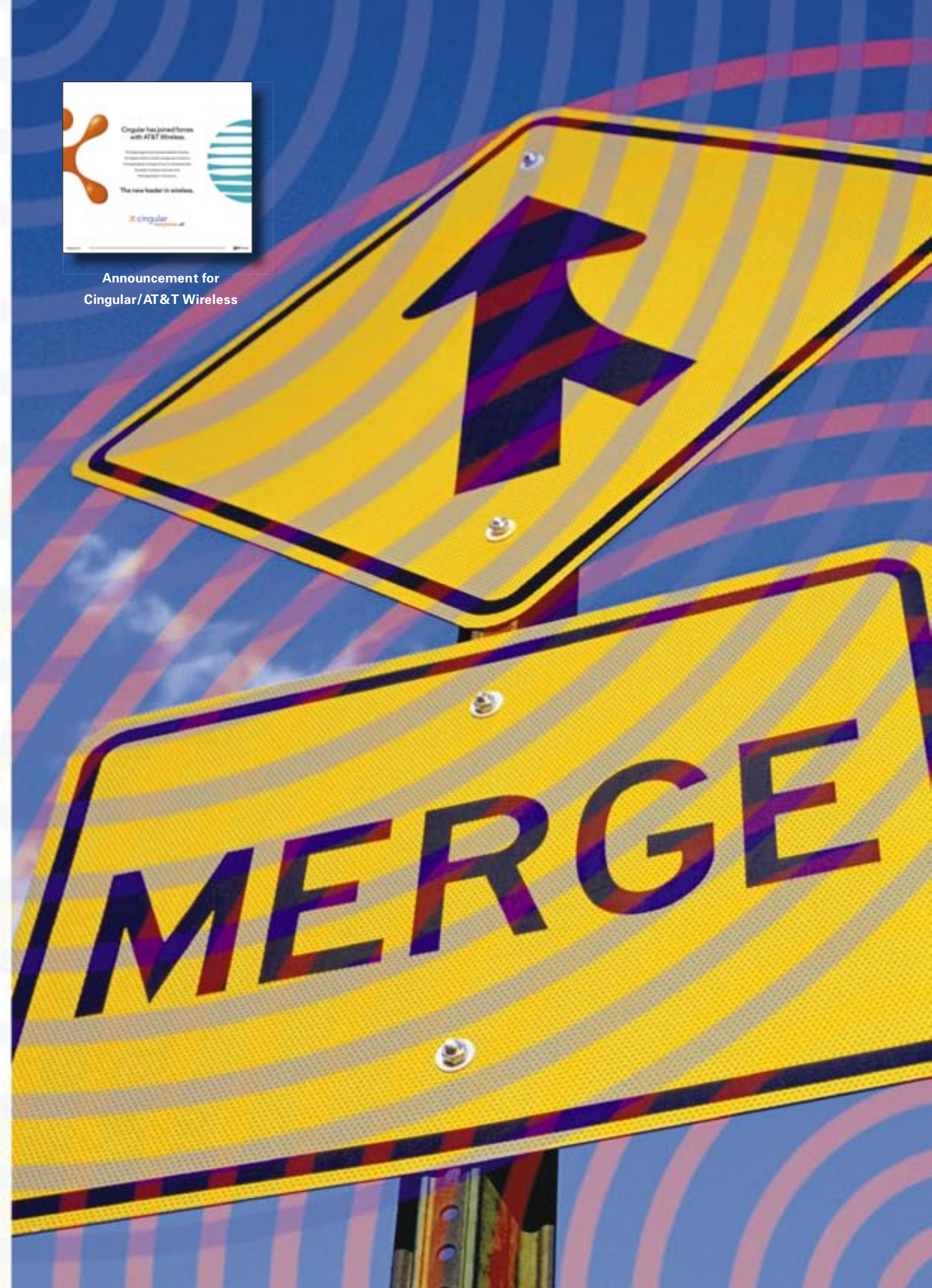
Lefar had to present that cost/benefit analysis to his board of directors to demonstrate, from a marketing standpoint, how the merger would allow the new company to attract new customers and reduce customer turnover.

NEW COMPANY, NEW ADS

Two days after the merger was finalized by regulators — and deep into the key holiday selling season — Lefar and his team presented the new marketing campaign to high-ranking members of both companies.

The new campaign also included a new logo — combining the orange “jack” associated with Cingular and the signal bars used by AT&T Wireless — as well as a new tagline: Raising the Bar.

“We loved the signal strength bars as a symbol of how the combined companies were immediately providing better coverage for consumers,” says Lefar. “And we changed our tagline to Raising the Bar to show that this new company was going to provide a better customer experience, and to signify that we are determined to be industry leaders. The bars also provided wonderful continuity for the AT&T Wireless customers who were





becoming Cingular Wireless customers.”

The campaign featured a number of broadcast spots, including a TV spot that “merged” two well-known major league baseball pitchers to demonstrate the effectiveness of the new company.

But the marketing piece that got much of the attention was a direct mail piece that was made to look just like a wedding announcement.

The “Wedding Invitation,” a multimillion dollar direct mail piece, was produced on fine paper and enclosed in an invitation-sized pale white envelope so that it looked very much like a wedding announcement.

Inside, the piece was authentic, right down to the small piece of tissue paper covering the lettering. It announced that the two companies had now become one, with the tagline: Reception to follow immediately.

In addition, Cingular followed up the invitation mailer with a custom publication, letting all of its customers know the benefits gained from the merger and setting out the rate structures and packages for everyone.

BRINGING EMPLOYEES INTO THE PROCESS

That was just the beginning of the changes for the new company, though. The night of Nov. 14, following regulatory approval of the deal, the company converted more

than 1,000 AT&T Wireless stores to Cingular locations overnight. Crews moved in to change all the signage, all point-of-purchase materials — including countertops, window stickers and banners — all the inventory and even the computer system, so that when the stores reopened on Nov. 15, all new customers were on Cingular’s rate plans.

The company also made sure the employees were not left behind in the merger. Within days of the deal’s approval, game plans and “playbooks” with details on the new company were distributed to all 60,000 employees — Cingular and AT&T Wireless — to let them know what to expect.

That’s one key aspect of a merger that’s often overlooked, experts say, and can result in failure if not addressed. It’s a mistake to believe the new company can simply absorb the personnel from the acquired firm and begin to operate as a new entity.

While much of the focus is often on external marketing initiatives, internal communication is vitally important to a successful merger, experts say.

Even as the Cingular and AT&T Wireless merger continues to sort itself out, Lefar says the initial signs are positive. In the fourth quarter of 2004, the company’s net subscriber growth was 1.8 million, more than double what many analysts had predicted.

“We like to think that our advertising and marketing played a big role in that,” he says. ☐

taking care of business

Consumers use mail to help run their households

Pity today’s busy consumers. Overburdened by work, family and life in general, where can they turn for help in managing their households, saving money or finding new products? To the mail. Surprised?

A 2004 United States Postal Service® study conducted by InnoMedia found that consumers spend an average of **30 minutes daily** with their mail, and no wonder. They rely on it for assistance in running their lives.

MAIL COMPLEMENTS THE INTERNET

Last century, those techno-geeks gleefully claimed that print was dead. Perhaps surprisingly, today (2005), the role of mail remains vital, yes, even among Internet users. Consumers approach mail and the Internet differently, using mail for discovery of products and services they didn’t know about, and the Internet to search for specific products.

The two media often work together. For example, consumers use catalogs that have been mailed to their homes to assist with online shopping. USPS® research has shown that catalogs drive Web traffic to a retailer’s Web site. After receiving a catalog in the mail, consumers:

- Made **16%** more visits.
- Viewed **22%** more pages.
- Spent **15%** more time at the site.

Mail’s “discovery” quality increases consumers’ awareness of products they need and can drive them to a Web site to learn more.

MAIL ACCOMPLISHES THREE ‘JOBS’

According to the USPS study, consumers count on mail to help them stay in touch with the world around them and manage household activities. They want mail to assist them with three specific home-related jobs:

- **Browsing for new consumption** — They want to see what’s new and consider products that may enhance their lives;
- **Managing the home** — Mail gives the CEO of the household information that helps manage household duties, such as scheduling home maintenance, arranging children’s activities and remembering health care appointments;
- **Overseeing finances** — They pay bills, review account statements, clip coupons and find ways to make the most of their household budget.

CONSUMERS USE MAIL TO:

Save money: 42% use mail to help them manage their household finances efficiently.

Make 15% more transactions.

Stay informed: 38% say the mail helps them stay informed about the world they live in. They save mail to read later or pass along to others.

Buy products: 64% order from mail. In fact, consumers who receive a catalog from a retailer are nearly twice as likely to make an online purchase at the retailer’s Web site.

Relax and unwind: 48% look forward to seeing what each day’s mail offers and enjoy taking a time out to flip through its contents.

Spend 16% more than those who didn’t receive catalogs.

To receive a copy of the U.S. Postal Service “Role of Mail” white paper, log on to usps.com/delivermag or send in the enclosed Business Reply Mail™ card.

grow the business

Customized mailers help John Deere boost sales

BY CHRISTINE HANSEN PHOTOGRAPHY BY DEREK BLAGG

In 1837 blacksmith John Deere adapted his products to Midwest farming conditions by developing the first commercially successful self-polishing steel plow. Nearly 170 years later, that ability to adapt to changing conditions is helping the company's marketing.



“With the declining number of farmers in the United States and Canada, dealers get less value from mass advertising. You’re paying to reach a lot of people who are not interested in your product.”

Scott Ford, advertising and retail manager
John Deere Parts and Service Marketing

That same flexibility helped the company restructure and then rebound from a down market — and a net loss in 2001 — to post net income of \$1.4 billion in 2004.

And it’s apparent in its marketing efforts, as John Deere finds a way to increase sales while working with a widely diverse group of independent dealers in a vast variety of local markets, each with its own cost structures, labor issues and timing needs.

GIVE DEALERS WHAT THEY WANT

National campaigns are not usually an option.

“For us to do any national advertising or promotion, including prices, on behalf of our dealers becomes very difficult,” says Scott Ford, advertising and retail manager for John Deere Parts and Service Marketing.

For example, the Agricultural Equipment Division works with nearly 1,500 dealers in markets all around the country, and labor costs alone vary widely, says Ford. Sometimes, he notes, dealers in the same county have different labor rates.

So the division, which accounts for a major portion of the \$19.9 billion in sales generated by the enterprise, has turned to more flexible marketing methods.

It mails three seasonal catalogs annually, a sort of “department store catalog” of farming, Ford jokes, and does what it can as far as national mailers. But the real backbone of the marketing program is PromoXpress, an online program that lets those dealers access John Deere templates to create customized mailers and postcards based on a number of available offers.

The result is a system that lets John Deere control the offers, the branding and its image, but still gives dealers the flexibility to set prices, choose the most relevant offer and set timing. In short, it gives each side what it wants: flexibility and control.

In the past, John Deere’s Agricultural Division helped dealers pay for radio, newspaper and some other advertis-

ing with a 50/50 co-op, but “with the declining number of farmers in the United States and Canada, dealers get less value from mass advertising,” says Ford. “You’re paying to reach a lot of people who are not interested in your product. Because we believe so much in direct mail as the most efficient way to reach our limited number of agricultural customers, we’ve shifted our support away from the 50/50 co-op program to more targeted activities.” For example, the division’s Parts and Service Marketing organization helps dealers with costs by funding direct mail credits with the money it used to allocate to the 50/50 co-op program.

Using online templates available through PromoXpress, the dealers create mailers, then upload a mailing list and have them sent to customers they’ve identified as the best prospects.

Along with helping the company provide a method of marketing nationally, the program provides a healthy dose of speed, says Ford, adding that it puts marketing materials in customers’ hands within two weeks of initial PromoXpress orders.

Using PromoXpress, dealers create direct mail pieces in about 15 minutes. Thirty-five templates are currently available; Ford expects an increase to 60 or 70 in the future. The minimum PromoXpress order is 100 pieces, with postcards at \$0.40 each and self-mailers at \$0.75 each, postage included.

“Many of our field managers have written into their performance management goals that the dealers they call on will spend 100 percent of the [PromoXpress] credits allocated to them within the fiscal year,” Ford says. PromoXpress’ reporting capability enables field managers to review marketing activities for each dealership in their territory, and identify dealers that need to start using the program.

To supplement the program, John Deere’s Agricultural Division provides a Web-based mailing list program for dealers called Customer & Market Profile Mapping, which provides names based on delivery receipts from new and used equipment sales. Using the program, dealers can run filters to specifically target customers with offers that will best appeal

Scott Ford, at right, says direct marketing, such as PromoXpress, is the most efficient way for his dealers to reach customers.



PHOTOGRAPH BY TIM KLEN/GETTY PHOTO ASSIGNMENT

zero in on a target

How to find your best prospects

Here at Deliver we don't generally write "how-to" stories. Some of us are lucky enough to have resources to tap into and they make our ideas happen. Of course, some of us are more the DIY kind. But because we've received so many calls, letters and e-mails on the subject of how to find new customers, we decided to ask a number of experts to offer some advice. Here's what they said:

Step one for any one-to-one prospecting program is to build a prospect profile based on the characteristics of your existing best customers. It all starts with knowing your current best customers. Use them as the model.

Step two is to hire a list broker. Why? A broker will know where to go to find lists that match the characteristics you've identified and be able to optimize them.

In addition, a list broker is accountable. He or she should have a deeper level of knowledge that will help you analyze the lists and the experience to negotiate a beneficial agreement with the list provider.

"A good broker will find the list that is most targeted to your needs and obtain the most deliverable names," adds Ted Kelter, vice president of Burnett Direct Inc., whose direct marketing clients include *Deliver* magazine.

Working effectively with a broker requires full disclosure, though. He or she will want to know what you are selling, how the product is priced, who the target is and if you have data analysis from prior marketing response that can be used as a base.

Before selecting a broker, bid the project to two or three. You'll receive better pricing information and you'll benefit by getting different recommendations about which lists to acquire and how to target your prospects.

A good broker should be willing to do some of the legwork in analyzing list content, too. Beware the broker who forwards the list data cards to you and asks you to determine which is best.

Key questions to ask, says Kelter, include: How was the list generated? Was it compiled from a catalog mailing or a company offer? Ask to see the catalog or the offer. Are the list owners using the list for their own marketing or have they just compiled it to be sold? How often is the list updated and how is each element updated?

That's crucial, since statistics from Dun & Bradstreet show that every hour, 58 businesses change their addresses, 41 new businesses start and seven companies file for bankruptcy.

"Ultimately, look for an emphasis on quality," says Joe Jurkiewicz, account director for GM Transportation Information Services at R. L. Polk & Co.

"Your list provider should have quality processes in place for compiling and producing lists," he says. "Equally important is finding a provider with the most integrated capabilities, including profiling, studies or reports that provide a better understanding of who the target is. You need more than just a list." ☐



to them based on the equipment they own or may need.

Teri Peterson, director of marketing for Kleine Equipment Inc., a John Deere dealer in Galesburg, Ill., says her company sent out eight separate mailers during the first two months of 2005. "It's just stupid if you don't use these," she says. "For 3 cents, you're getting a postcard and making an impression," referring to the investment required by dealers.

Prior to PromoXpress, Kleine's direct mail campaign costs ranged from \$0.65 to \$0.80 per mailing for postcards and postage.

"What was taking me two to four days before, now takes five minutes and I'm done," says Peterson. Dealerships are automatically added to PromoXpress mailing lists, so stores receive direct mail pieces the same day customers do. "It's

out of my hands and I don't think about it until I see a direct mail piece in the mail and I know my customers have theirs," she says.

Peterson is impressed with the results: "We ordered a tractor inspection postcard for one of our smaller stores on Dec. 29, so our customers would have received it by the 5th or 6th of January. Out of that, the store got five tractor underhauls in one month."

Tractor underhauls are a big service income generator, and this particular store typically does two or three tractor underhauls per year.

"I think consistency and frequency are the best ways to get results in marketing your business," says Peterson, "and PromoXpress helps with both of those goals." ☐



PHOTOGRAPH BY KIRK WEDDLE/PICTUREQUEST

developing a **brand** within a Herman Miller **brand**

Office furniture maker
hopes new product
will get people talking

BY LEIGH SILBER

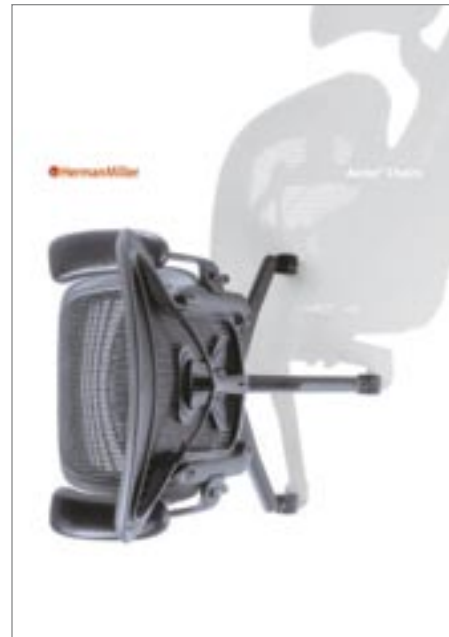
PHOTOGRAPHY BY TIM KLEIN/GETTY

For more than 80 years, the Herman Miller name has been synonymous with icons of industrial design. The company changed the concept of furniture and transformed the interior landscape of workplaces worldwide with the 1964 introduction of the open office plan.

Now, one the nation's top office furniture makers is planning to do it again, introducing a revolutionary sound management system, called Babble, and launching a new brand, Sonare Technologies, to build and market the product.

To succeed, the company must find a way to launch a new brand within an existing brand, establishing Sonare as its own technologically advanced entity, while still gaining value from its link to the established Herman Miller brand.

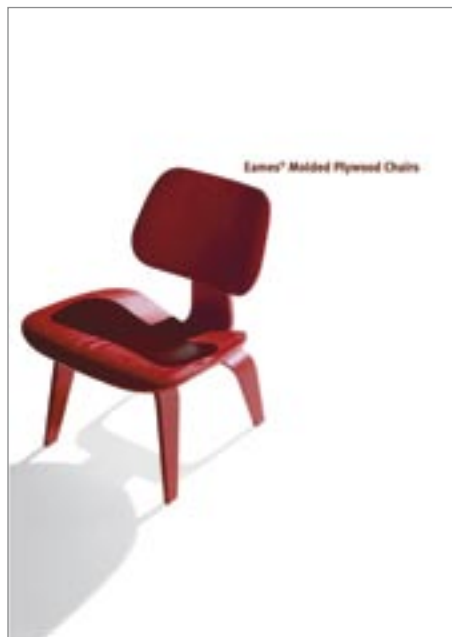
The man charged with doing that is William DeKruif.



**HERMAN
MILLER INC.**
PRESIDENT & CEO
BRIAN C. WALKER
SONARE TECHNOLOGIES
PRESIDENT
WILLIAM DEKUIF
WORLD HEADQUARTERS
ZEELAND, MICH.
EMPLOYEES
6,286
ESTABLISHED
1923
NET SALES IN 2004
\$1.34 BILLION

“At the heart of the branding dilemma was how to structure the brand as something with the quality of Herman Miller and a technology all its own.”

William DeKruif, president
Sonare Technologies, a subsidiary of Herman Miller



DELIVERING PRIVACY WITHOUT WALLS

DeKruif is ideally suited for the venture. A 20-year veteran of wireless telecommunications and computing technology, he has impressive credentials from a wide-ranging list of technologically savvy corporations.

He was happily managing a leading company providing Radio Frequency Identification, or RFID, communications technology in the health care field when he got the Herman Miller call. Seduced by the rich portfolio of technology, the early prototype of Babble and the incredible potential of the business model, DeKruif became president of Sonare on Nov. 1.

Babble, the new division's first product, is the first-ever device to deliver voice privacy without walls. Uncanny and über-cool, the technology, in layman's terms, takes 'phonemes' — our smallest units of speech that convey meaning — and rearranges them electronically so that confidential conversations are heard as the subtle buzz of a crowd, indistinguishable as to content yet not at all distracting.

Open to infinite variations inside and outside the workplace, the initial introduction will be in the form of a desktop device that sits next to the phone with speakers positioned where confidentiality is key.

The product grew out of a five-year collaboration between the company's own internal dream machine, The Herman Miller Creative Office, and the R&D team at a California-based company.

Babble is set to kick off this month at the commercial interior World's Trade Fair show-of-shows, then roll out later this summer.

SOLVING A BRANDING DILEMMA

While making the point that the new technology, and new division, will have their own identities, DeKruif believes branding Babble under the impeccable Herman Miller imprimatur is a more natural fit than it appears at first glance.

“At the heart of the branding dilemma was how to structure the brand as something with the quality of Herman Miller and a technology all its own,” he says. “With very cool technologies and real tools a layman can use, we want to make sound a design element.”

His plan is to leverage the corporate integrity, environmental responsibility, great product design and functionality that distinguishes Herman Miller, then spin from it a Sonare Technologies product brand identity that “looks and feels like a tech company should.”

DeKruif's marketing strategy is an aggressive, multichanneled program, the objective of which is to create a powerful synergy of elements that generates word of mouth.

The target market is a subset of the Herman Miller customer base in the contract furniture industry — plus a whole new community of tech customers.

Initially, the company will push Babble in the business-to-business arena through Herman Miller sales associates and dealers. They will target department heads and facilities managers, while reaching out to human resource and health care professionals, where confidentiality is currently a hot-button topic, thanks to measures such as the HIPAA (Health Insurance Portability and Accountability Act) requirements.

Integral to the strategy are press junkets, business partnerships, setting up an educational Web site, attending target-market trade events and advertising in target-specific journals.

However, in a plan with precision targeting at its core, DeKruif sees direct mail as a major factor.

“Direct mail is a great, low-cost way of reaching these people,” he says. “What I love about it is that it literally goes to a selected person, which is very meaningful.”

DeKruif says direct mail is especially valuable because the company can customize the pieces based on the audience.

One concept that Sonare is exploring is a mail piece



focusing on HIPAA compliance that would be targeted at health care organizations.

And because Sonare is launching a product for which there is already a pervasive need, central to the company's business-to-business marketing strategy is building awareness and driving customers to the Web site or 800 number for more information.

For the purpose of the launch, the brochure introducing Babble will also mail to people who use and manage confidential business information, based on lists acquired from both inside and outside of Herman Miller.

Results will be tracked on traffic to the Web site and the call center, and DeKruif expects that results will follow the "natural evolution of the technology adoption curve" with those companies most comfortable with technology coming on board earlier, and others waiting to see the impact before signing up.

Regardless, he's anticipating a strong response to the company's technology, the same kind of wonder and amazement that led him to sign up with the company back in November. "Once I saw an early prototype of this, I knew there was something really meaningful here." ✉

direct has its rewards

Staples was founded on the vision that direct marketing is a critical part of the marketing mix. This goes back 19 years, to when direct marketing wasn't nearly as relevant, especially for a retailer. Direct mail is a very rich part of our history and I think it has been one of our secret weapons for many years — it really enables us to have a rich ongoing dialogue with our target customers.

The cornerstone of our direct marketing is our loyalty program. We've had a customer loyalty program — in some shape or form — since Staples was created. Today, it's called Staples Rewards and the goal is to make it easy for our customers to save money and save time.

At least once a week, I'll meet someone at a cocktail party or someone at my kids' school, and they'll ask what I do. When I tell them I work at Staples, they'll ask, "What do you do there?" "Oh, I'm in marketing." And they whip out their Staples Rewards card. "Oh, I'm a Rewards member and it is so great." I can't tell you how often that happens. They really have pride in being part of that program.

We track Return on Investment (ROI) on everything, and we consistently find that our direct mail pays off. In addition, part of the beauty of direct marketing is you can constantly think of new ideas and concepts and test them. ✉

STAPLES INC.

CHAIRMAN & CEO
RONALD L. SARGENT

EXECUTIVE VICE
PRESIDENT, MARKETING
SHIRA G. GOODMAN

HEADQUARTERS
FRAMINGHAM, MASS.

EMPLOYEES
65,000

ESTABLISHED
1986

APPROXIMATE
NUMBER OF STORES
1,680

ANNUAL REVENUE
\$14.4 BILLION

